

Q3 FY16 – Investor Presentation

February 12th, 2016



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Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1982, which is now one of India's fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~\$3 Bn.



KEC International

World leader in Power Transmission EPC space



CEAT

One of India's leading manufacturer of automobile tyres



Zensar Technologies

Software services provider spread across 20 countries, 400+ customers.



RPG Life Sciences

Pharma company with wide range medicines in global generics and synthetic APIs.



Raychem RPG

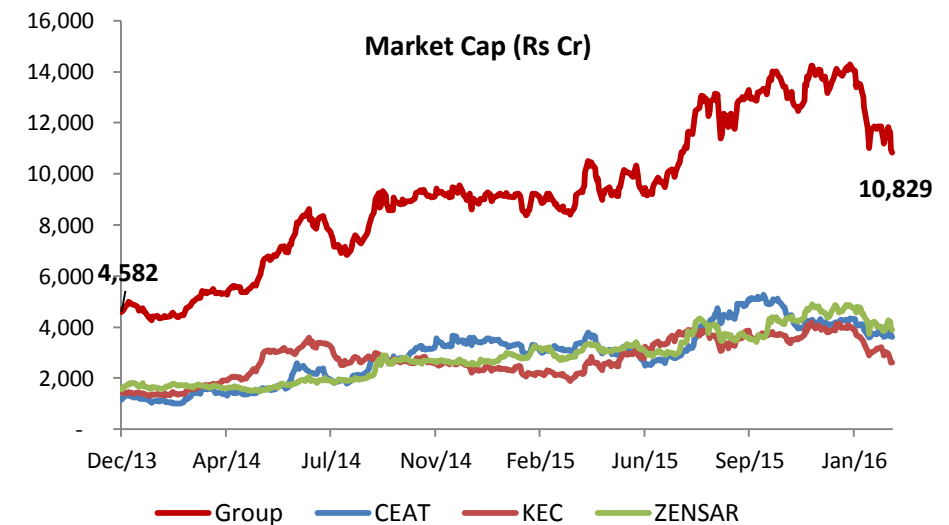
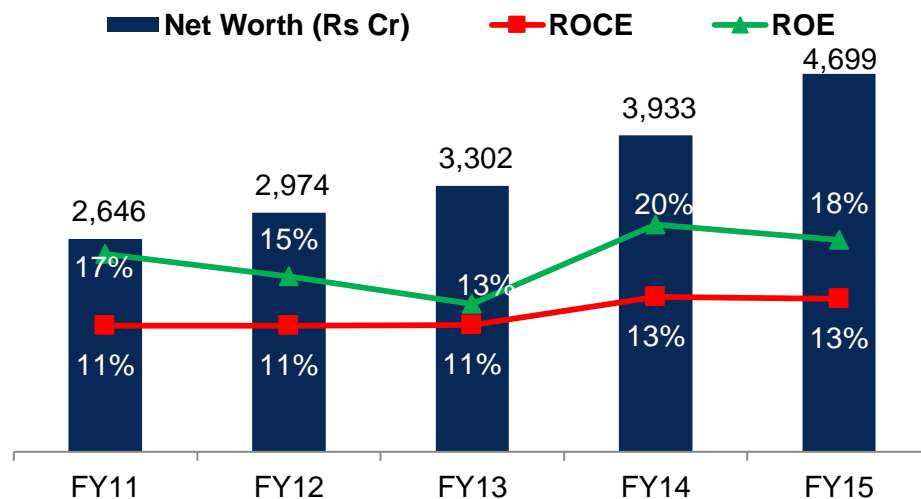
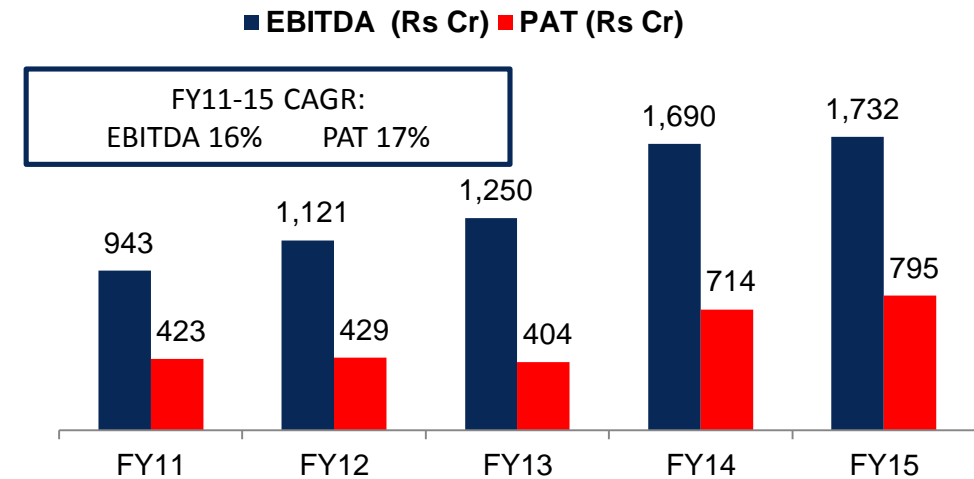
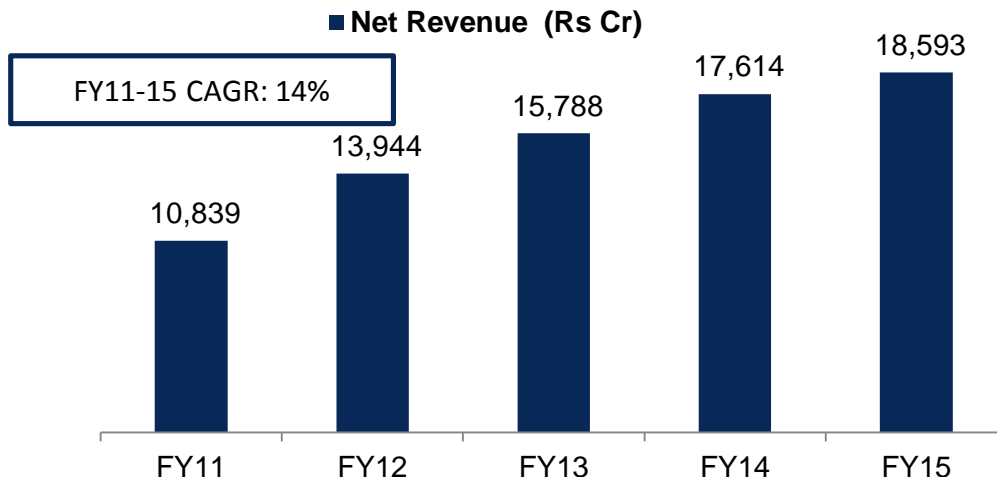
Engineering products and services catering to infrastructure segment of the economy.



Harrisons Malayalam

One of India's largest plantation companies with tea, rubber and other agro products.

RPG Group: Key Financials



Note:

- 1) ROCE is calculated by taking Operating EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
- 2) ROE is calculated by taking PAT divided by Average Net-worth
- 3) Market Cap updated till 12th February 2016

Section 2: Key Highlights

Key Highlights



Revenue CAGR of 15% over last 5 years and 8% over last 3 years



Average ROE of 17% for 5 years and 22% for 3 years



Profit after Tax CAGR of 14% over last 5 years and 160% over last 3 years



~25% of the additional capacity to commence operation in FY16 and expected to be fully ramped up over 18 months from COD (Commercial Operation Date)



Average ROCE (net of tax) of 12% for 5 years and 15% for 3 years



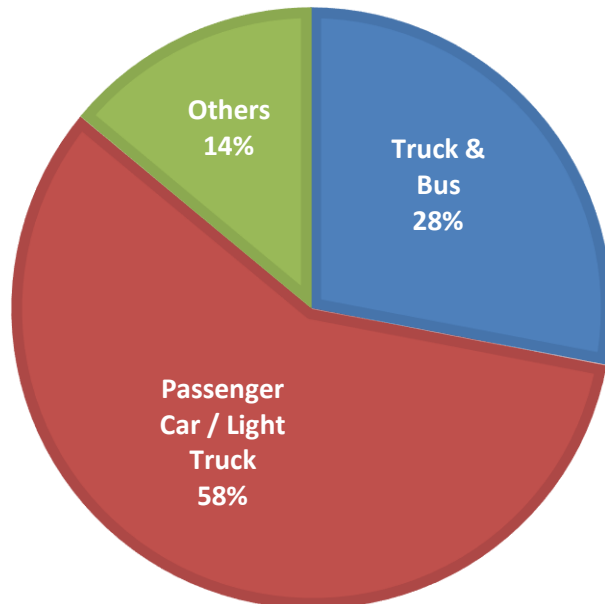
Changing product mix with increased focus towards passenger segments (YTD FY16 revenue contribution of 38% from 18% in FY12)

Section 3: Industry Overview

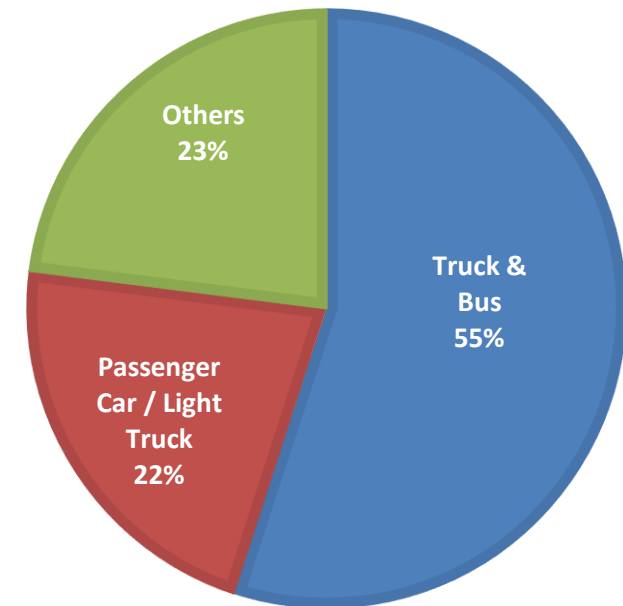
Indian Tyre Industry Overview

- ❖ Tyre Industry turnover in India is Rs 50,000 crore
- ❖ Truck & Bus segment accounts for 55% of the industry's revenues
- ❖ India exports Rs 10,500 crore worth of Tyres
- ❖ Most of the investments by Indian and MNC tyre majors are geared towards Truck & Bus Radial Tyres

Global tyre industry revenue segmentation



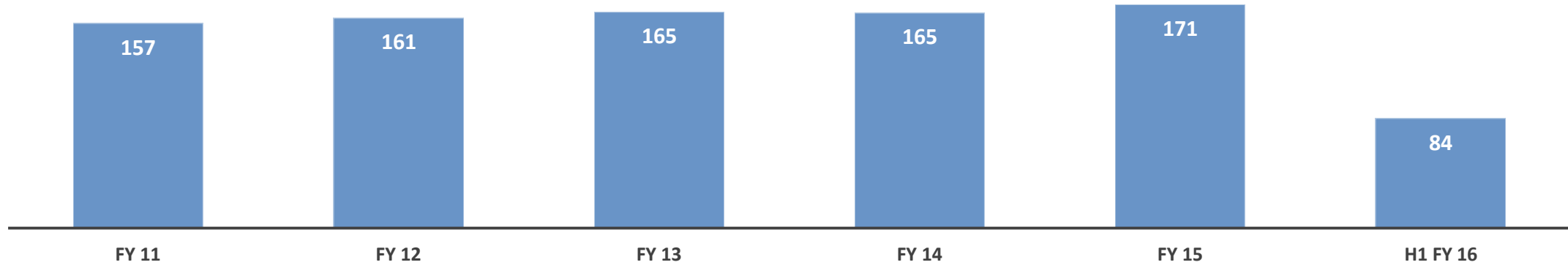
Indian tyre industry revenue segmentation



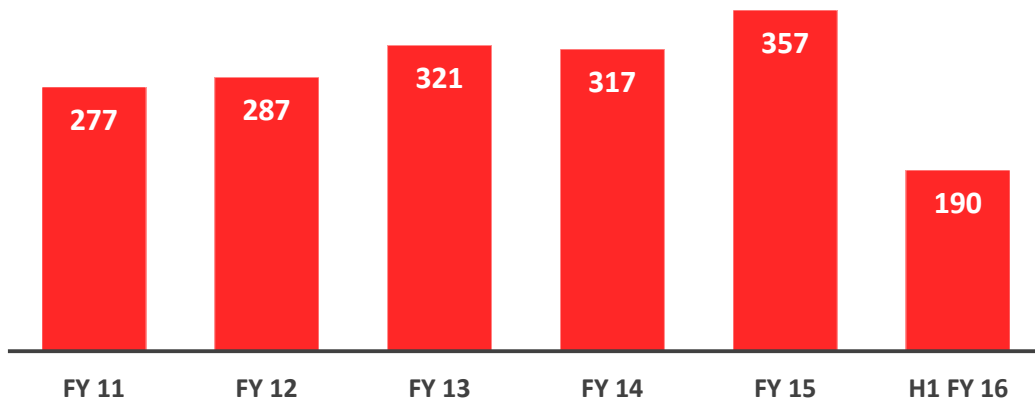
Indian Tyre Industry Overview

Total Tyre Production (Volumes in Lakhs)

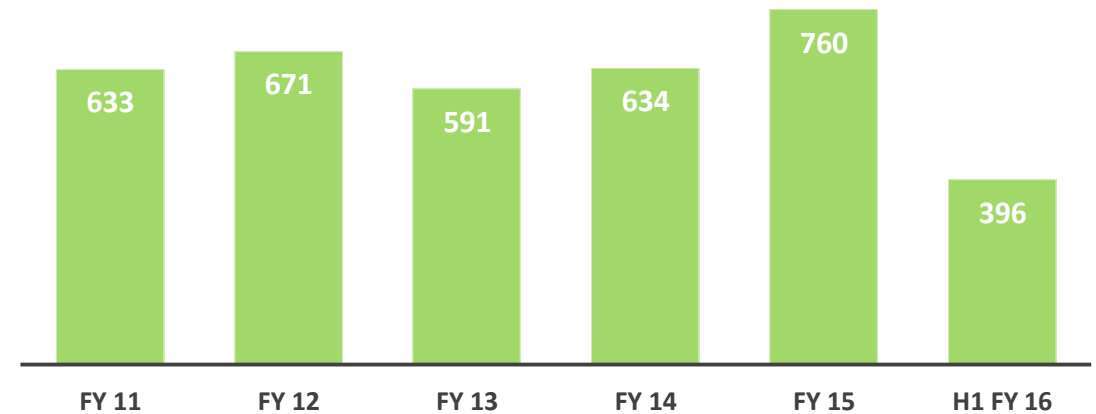
MHCV (T&B)



Passenger Car / Jeep



2 / 3 wheeler



Section 4: Business Overview

Board of Directors



Harsh Vardhan Goenka
Chairman, Non Executive Director



Anant Vardhan Goenka
Managing Director



Arnab Banerjee
Whole -Time Director



Atul C. Choksey
Non Executive
Independent Director



Haigreave Khaitan
Non Executive
Independent Director



Hari L. Mundra
Non Executive Non
Independent Director



Kantikumar R. Podar
Non Executive
Independent Director



Mahesh S. Gupta
Non Executive
Independent Director



Paras K. Chowdhary
Non Executive Non
Independent Director



Punita Lal
Non Executive
Independent Director



Ranjit Pandit
Non Executive
Independent Director



S. Doreswamy
Non Executive
Independent Director



Vinay Bansal
Non Executive
Independent Director

Leadership Team

Anant Goenka



Managing Director

Manoj Jaiswal



Chief Financial Officer

Arnab Banerjee



**Executive Director
- Operations**

Tom Thomas



**Executive Director
- Technology & Products**

Dilip Modak



**Senior Vice President
- Manufacturing**

Chandrashekhar Ajgaonkar



**Senior Vice President
- Quality Based Management**

Debi Prasad Das



**Senior Vice President
- Human Resource**

Subbiah Kumar



**Senior Vice President
- Materials & Outsourcing**

India's leading tyre company with over **50** yrs of presence

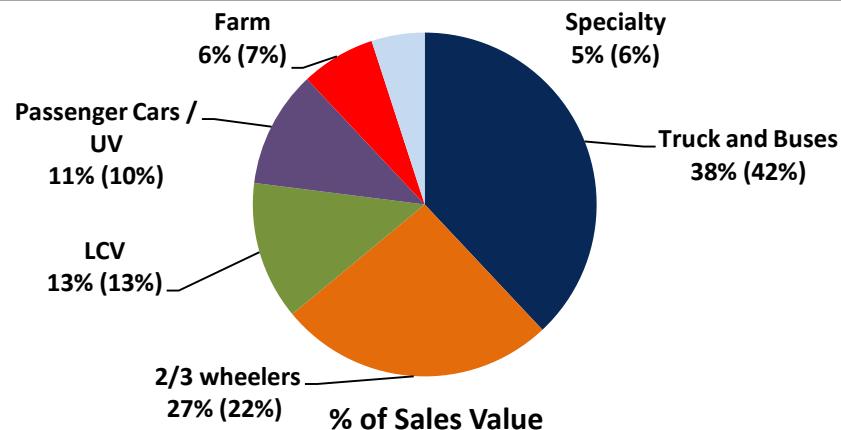
Distribution Network : **3500+** dealers, **330+** exclusive CEAT franchisees

6 Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath & Sri Lanka

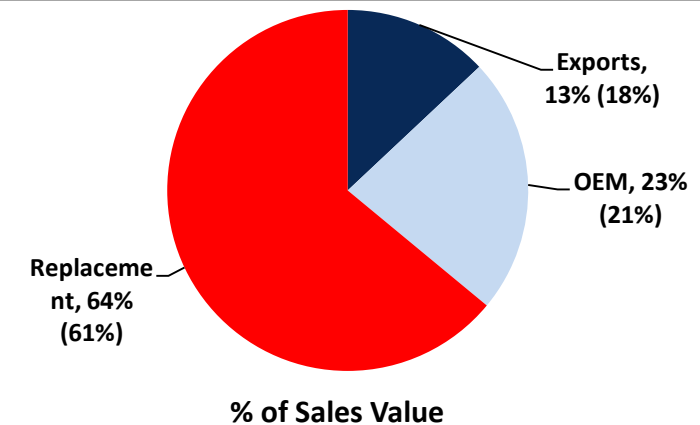
100+ countries where products are sold with strong brand recall

#No 1 player in Sri Lanka in terms of market share

YTD FY16 Revenue Breakup by Product



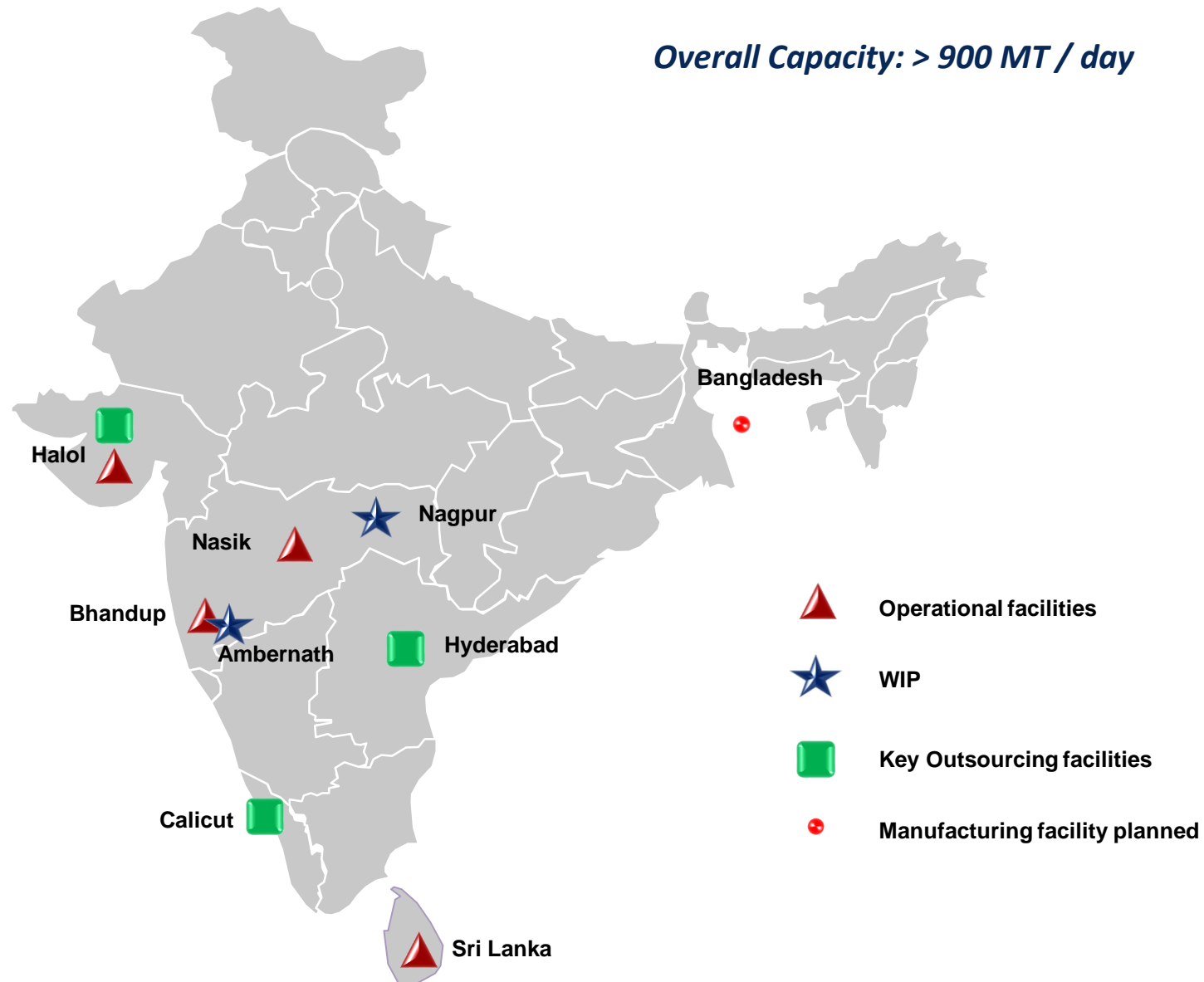
YTD FY16 Revenue Breakup by Market



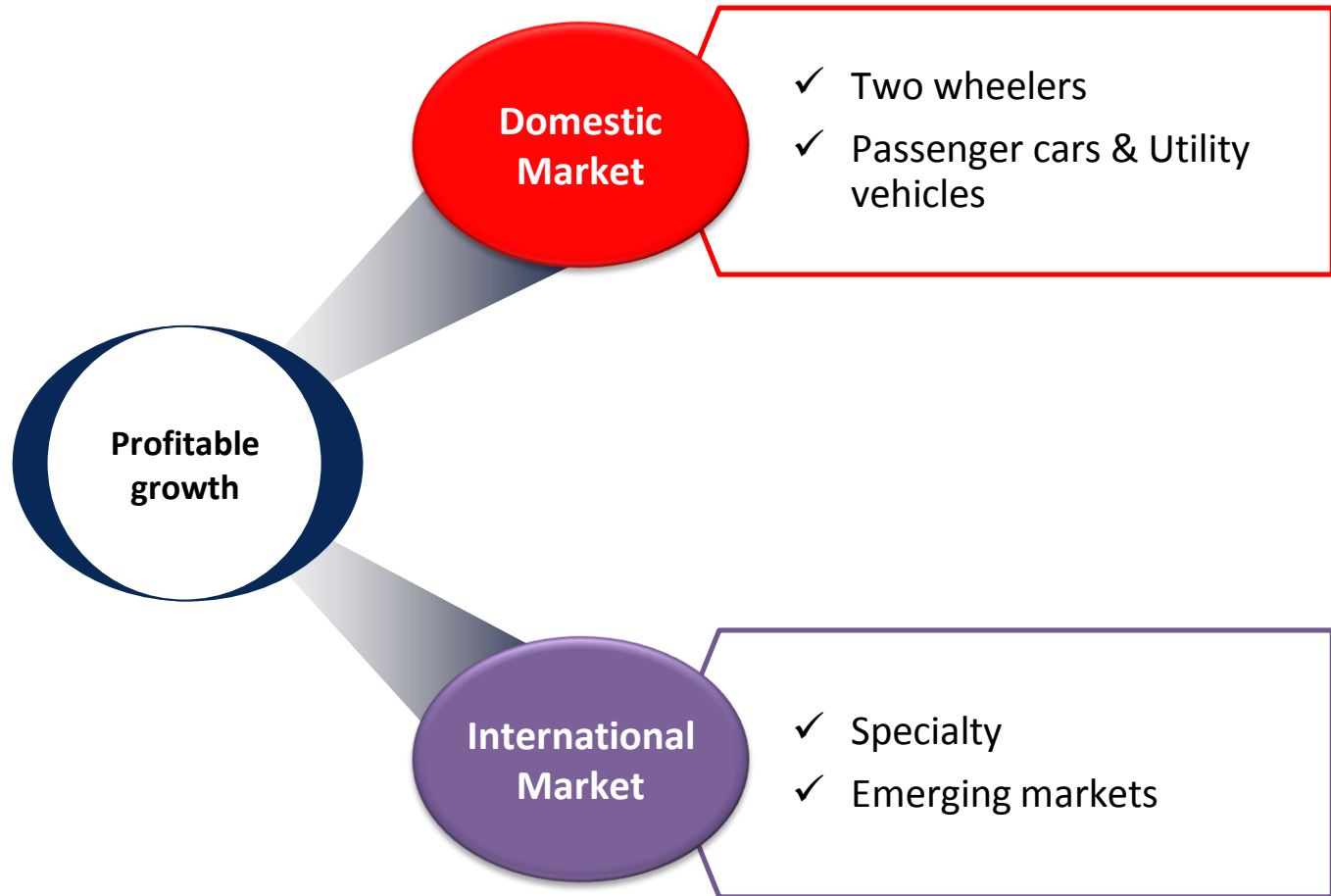
Note : Figures in parenthesis denote YTD FY15

Manufacturing Facilities

Overall Capacity: > 900 MT / day



Strategic Drivers



- 1 Strong Brand Recall
- 2 OEM Relationships
- 3 Distribution Network
- 4 Product Development
- 5 Proven Model In Sri Lanka
- 6 Product Mix

1 Creating Strong Brand Equity



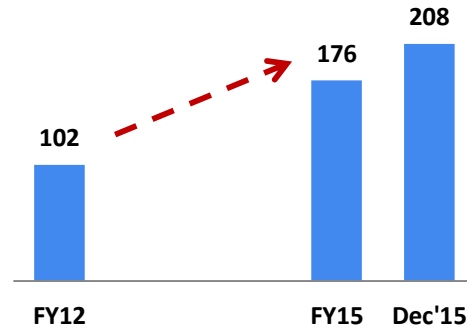
Increasing OEM Presence



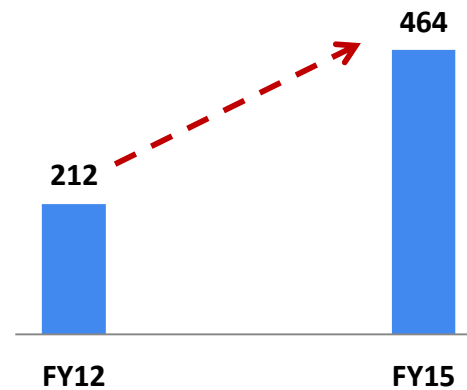
Pan India Distribution Network



No. of CEAT Shoppes



District coverage



Distribution Network

- 3500+ dealers
- 330+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors



Pan India Distribution Network

Multi Brand Outlet (MBO)



Shop in Shop (SIS)



New distribution model

- Developed MBO / SIS model in the last 2 years
- Over 275 outlets so far

Research & Development



Mahindra TUV 300:
Launched in India with CEAT Tyres



Renault Kwid:
Launched in India with CEAT Tyres

Recent Product Launches in FY16

PCR / UVR launches



Fuel Smarrt



CZAR Sport

2 wheeler launches



ZOOM PLUS



Pro Gripp



GRIPP XL

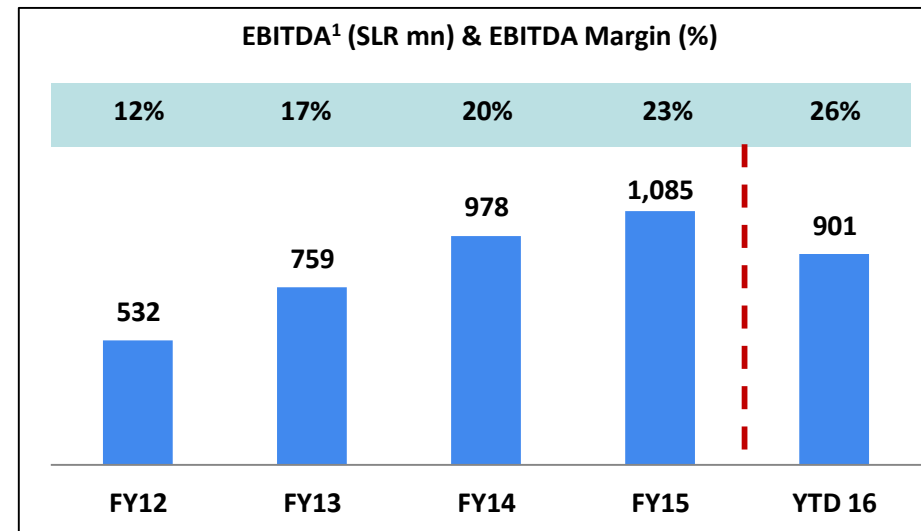
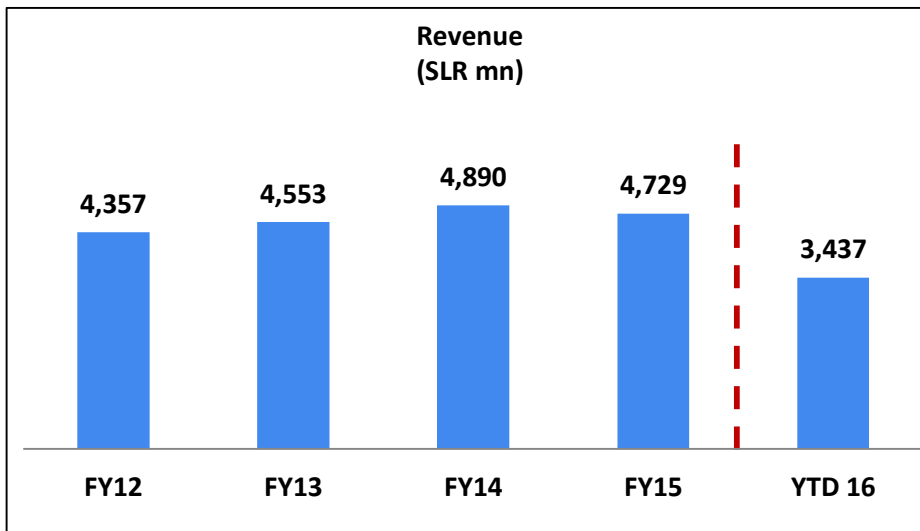
Raid de Himalaya
2015 : SCOOTER

Riding on newly
launched Pro
Gripp tyre & won
event



Emerging Markets Trends

Sri Lanka



- 50% JV with Kelani Tyres Ltd
- Strong presence in the truck, light truck, 2 / 3 wheeler and radial tyre segments
- Two manufacturing facilities with total capacity² of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service

Bangladesh

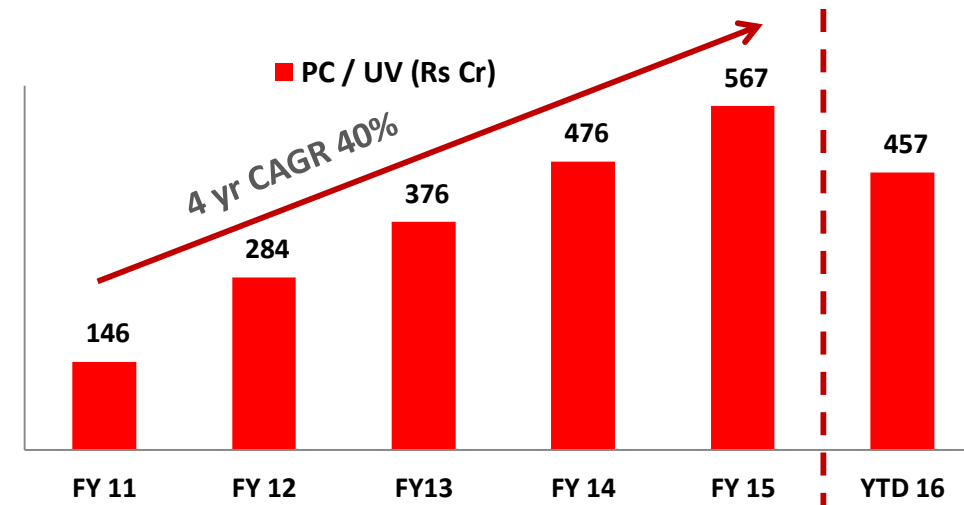
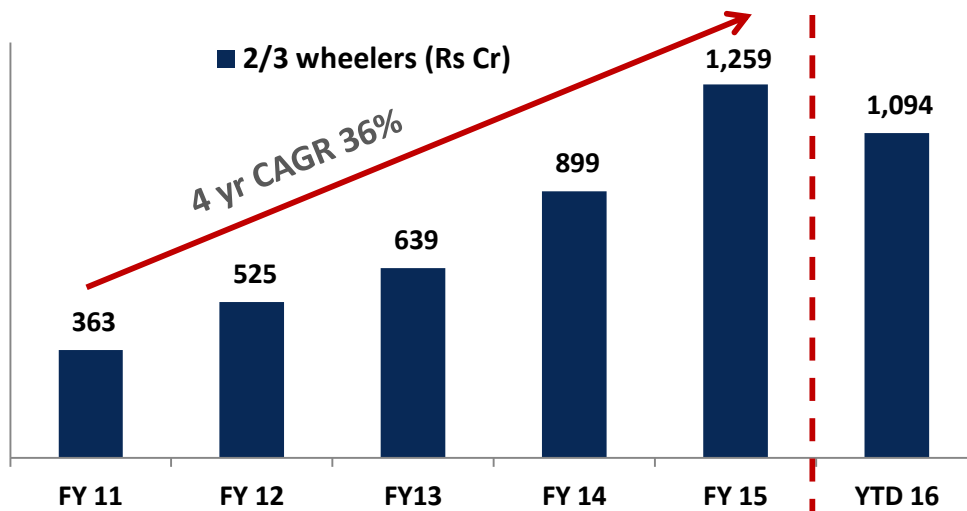
- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market
- Imports from Bangladesh to India enjoy zero basic customs duty

Notes

1. EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs
2. Capacity refers to achievable capacity

6 Passenger Segment Trends

Revenue



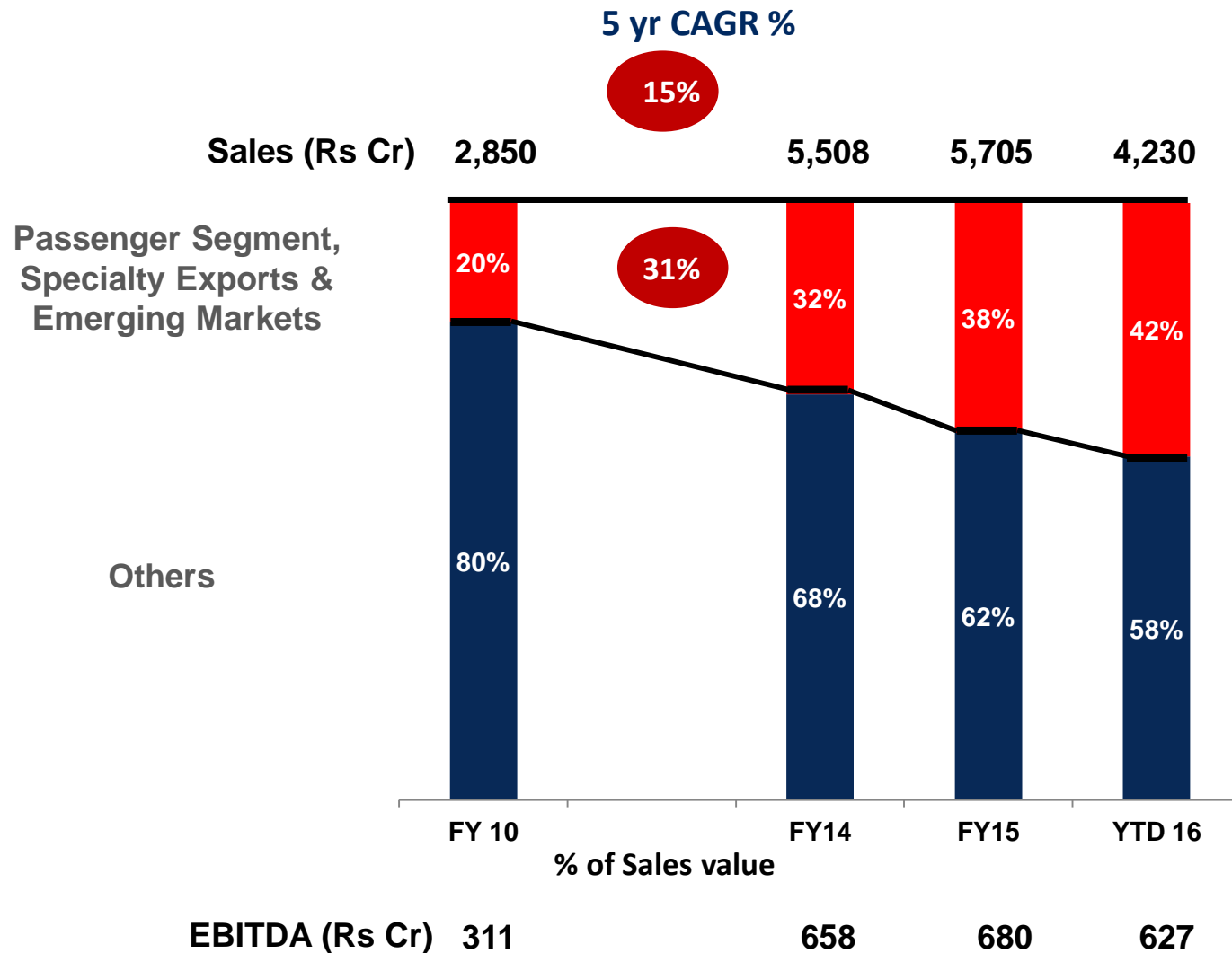
Expanding Capacities

- 2x expansion in 2/3 wheeler and 2.5x expansion in PCR / UCR segment from the existing capacities
- Mix of in-house vs outsourced production



Status Update

- CEAT has transferred Ambernath land to CSTL in Q3 FY16 which will be used to build a new OTR (off-the-road) radial plant
- CSTL will invest Rs 330 Crores for an initial capacity of 40 MT/day
- CEAT has infused Rs 25 Crores as an equity investment in CSTL in Q3 FY16
- Production will commence at the new manufacturing facility by Q4 FY17



“Strategic Focus Areas”

- Higher margin business
- Contributes 42% sales for YTD 16 compared to 20% in FY10
- Higher CAGR of 31%
- Growing market share

Note :
50% of CEAT Sri Lanka sales are considered

Section 5: Operational & Financial Overview

Q3 FY16 Operational Highlights

Mahindra
Imperio launched
in India with
CEAT Tyres



Honda NAVI
launched on
CEAT



CEAT started catering to
Hero Maestro Edge and Hero Duet



Royal Enfield
HIMALAYAN
launched on
CEAT

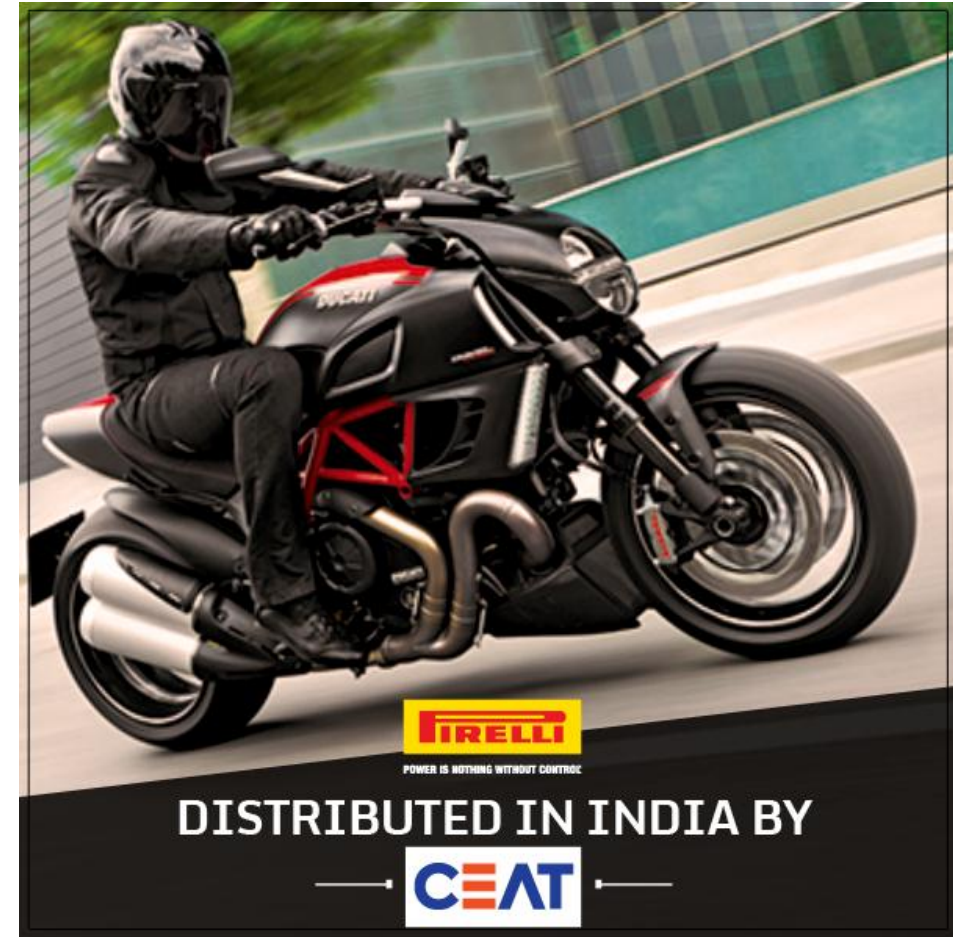


Q3 FY16 Operational Highlights

Rohit Sharma –
Bat endorsement deal

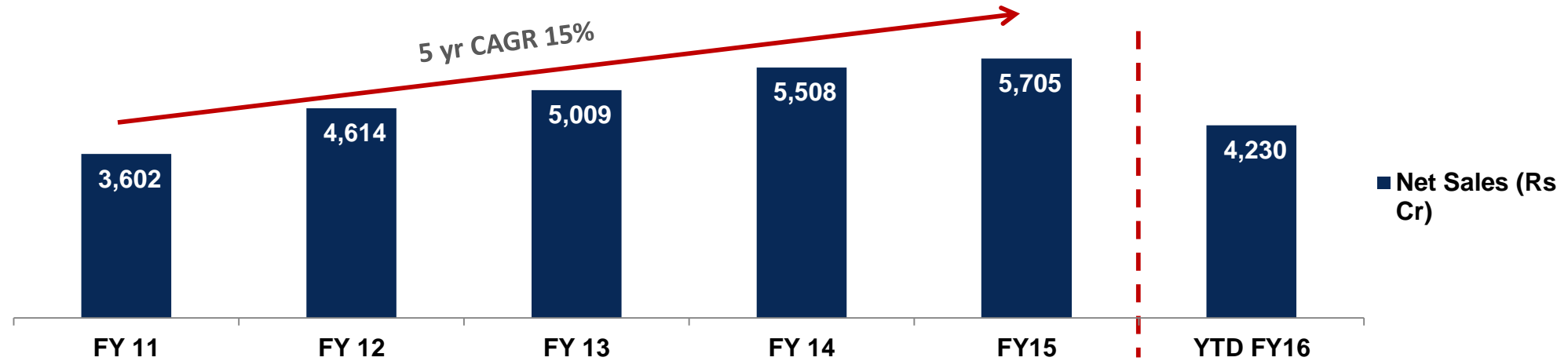


Pirelli tie-up with CEAT for distribution of its
premium motorcycles tyres

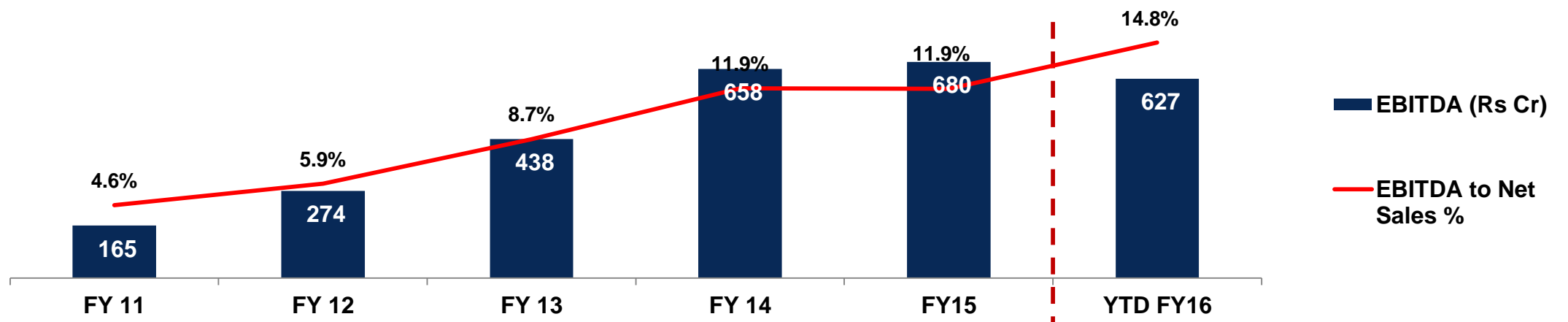


Consolidated: Financial Trends

Revenue growth



Margin trends

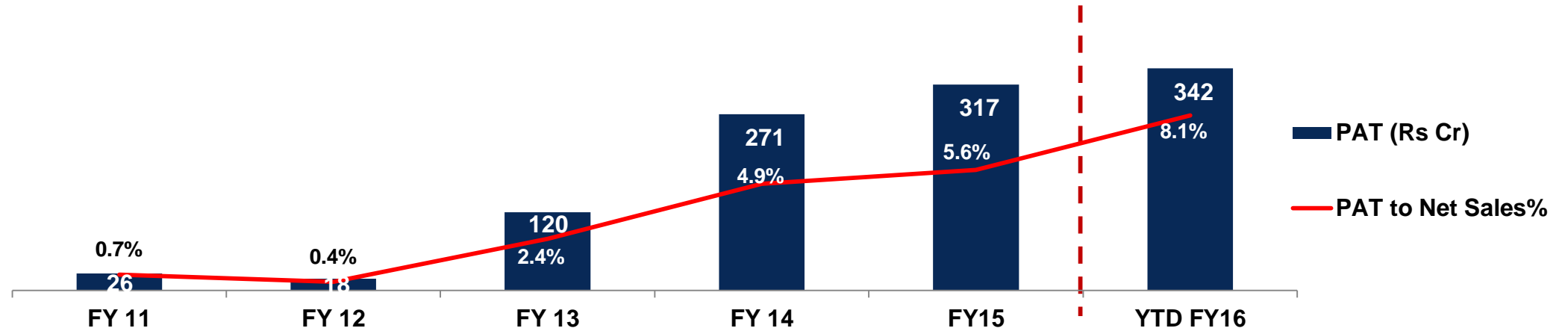


Note

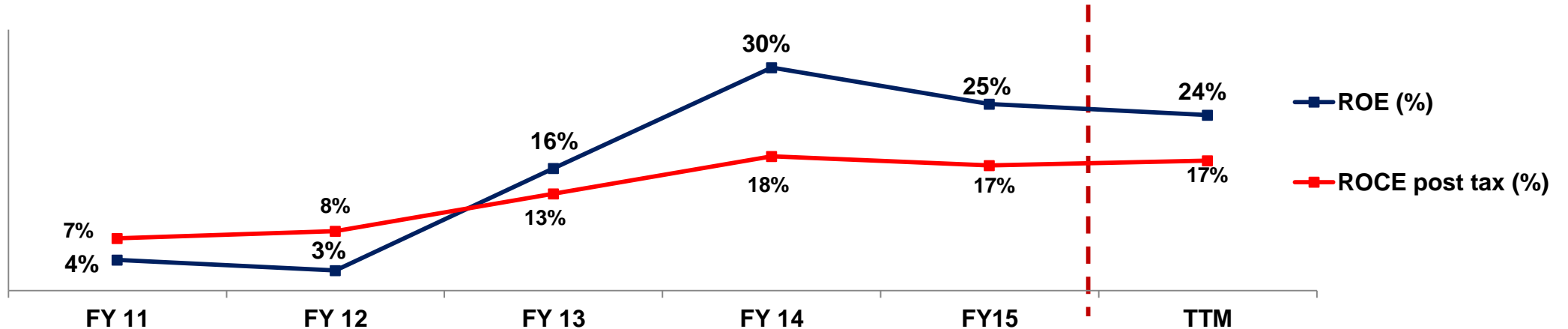
EBITDA includes Other operating income; does not include Non- operating income

Consolidated: Financial Trends

PAT trends



Return Ratios



Note

QIP proceeds considered for part of the year for 2015

Average capital employed considered. ROCE calculated based on PBIT *(1-tax rate)

TTM –Trailing Twelve Month as on YTD FY16

Consolidated: Q3 FY16 Financial Highlights

Q3 FY16 v/s Q3 FY15 (Y-o-Y)

- 6% Volume growth
- EBITDA% up 1.6% at 14.7%
- Finance cost at Rs 19 cr compared to Rs 31 cr (down by Rs 12 Cr)
- PBT stands at Rs 161 cr compared to Rs 132 cr

Q3FY16 v/s Q2FY16 (Q-o-Q)

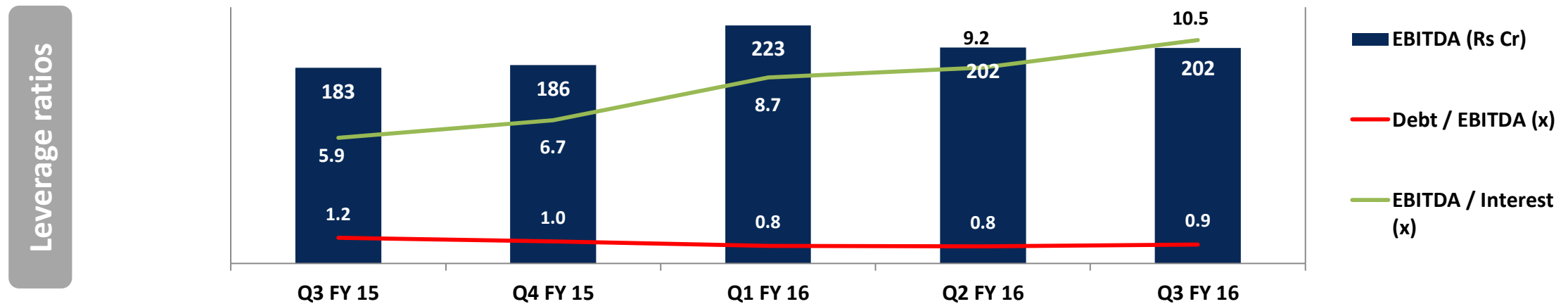
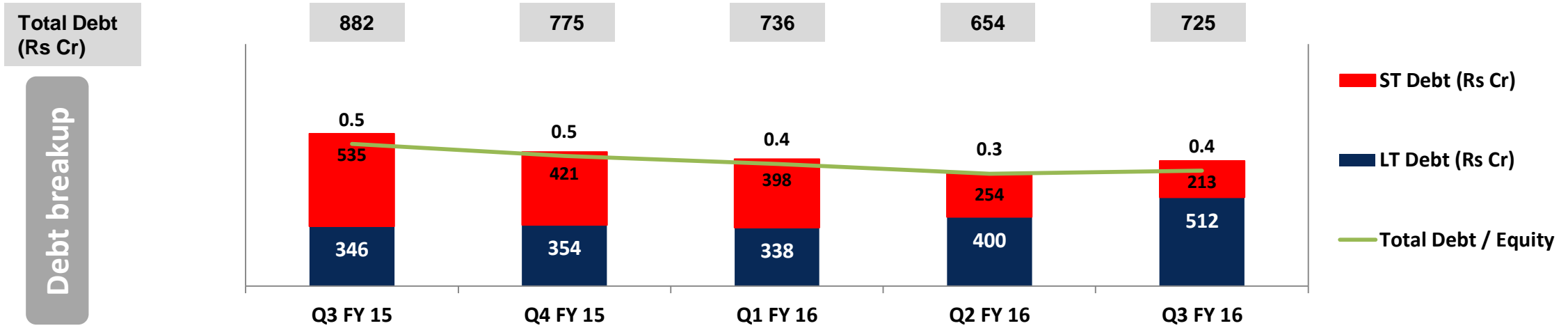
- Flat volume growth
- EBITDA% up 0.3%
- Finance cost at Rs 19 cr compared to Rs 22 cr (down by Rs 3 cr)
- PBT stands at Rs 161 cr compared to Rs 162 cr

Total D/E down to 0.4x compared to 0.5x YoY

Consolidated: Financials

Parameter	Rs cr				
	Q3FY15	Q2FY16	Q3FY16	YTDFY15	YTDFY16
Net Sales	1,399	1,400	1,374	4,251	4,230
Growth (YoY)	-	-	-1.8%	-	-0.5%
Growth (QoQ)	-	-	-1.9%	-	-
EBITDA	183	202	202	496	627
Growth (YoY)	-	-	10.2%	-	26.5%
Growth (QoQ)	-	-	-0.1%	-	-
EBITDA (%)	13.1%	14.4%	14.7%	11.7%	14.8%
PAT	89	107	113	223	342
EPS (Rs.) (Basic)	23.7	26.6	28.0	61.2	84.5
Net Worth	1,637	1,903	2,019	1,637	2,019
Debt	882	654	725	882	725
D/E (x)	0.5	0.3	0.4	0.5	0.4
No of shares (cr)	4.0	4.0	4.0	4.0	4.0
B/V (Rs.)	405	470	499	405	499

Consolidated: Leverage / coverage Profile



Standalone: Q3 FY16 YoY Results

Parameter	Rs Cr		
	Q3FY15	Q3FY16	YoY
Net Sales	1,344	1,321	-1.7%
Raw Material	815	734	-9.9%
Gross margin	529	587	10.9%
Gross margin %	39.4%	44.4%	500 bps
Employee	90	91	1.6%
Other Expenses	280	306	9.4%
EBITDA*	171	197	15.4%
EBITDA %	12.7%	14.9%	220 bps
Finance Cost	31	19	-37.9%
Depreciation	23	26	13.0%
Operating PBT	117	152	29.8%
Exceptional expense	-	-	-
Non-Operating income	5	12	157.3%
PBT	122	164	34.7%
PAT	81	118	45.8%
Volumes (mt)	61,500	65,200	6.0%

Note

*EBITDA includes Other operating income; does not include Non- operating income

Standalone: Q3 FY16 QoQ Results

Parameter	Rs Cr		
	Q2FY16	Q3FY16	QoQ
Net Sales	1,348	1,321	-2.0%
Raw Material	759	734	-3.3%
Gross margin	589	587	-0.4%
Gross margin %	43.7%	44.4%	70 bps
Employee	92	91	-0.7%
Other Expenses	315	306	-3.0%
EBITDA*	191	197	3.2%
EBITDA %	14.2%	14.9%	70 bps
Finance Cost	22	19	-13.2%
Depreciation	23	26	15.0%
Operating PBT	146	152	3.8%
Exceptional expense	1	-	-100.0%
Non-Operating income	20	12	-39.6%
PBT	165	164	-0.8%
PAT	115	118	2.3%
Volumes (mt)	65,500	65,200	-0.5%

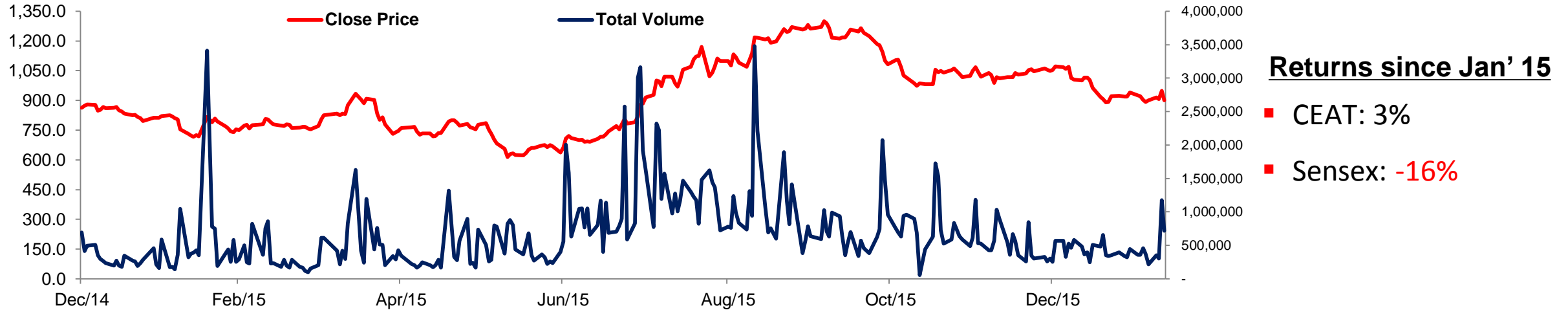
Note

*EBITDA includes Other operating income; does not include Non- operating income

Sri Lanka: Q3 FY16 Analysis

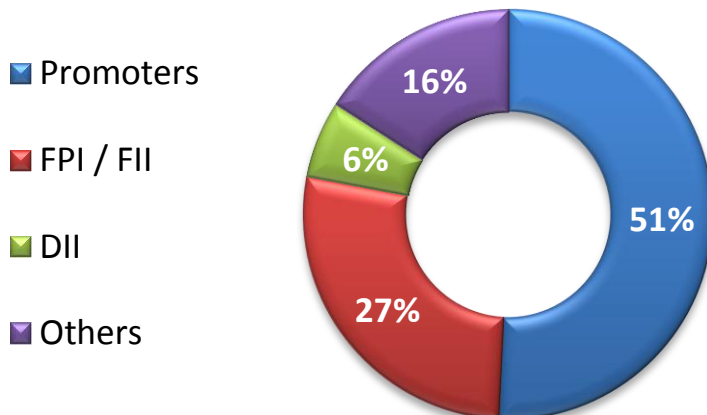
Parameter	Rs cr				
	Q3FY15	Q2FY16	Q3FY16	QoQ	YoY
Net Sales	114	109	112	2.2%	-1.9%
EBIDTA	28	29	28	-1.7%	1.8%
Finance Cost	0	0	0	-61.6%	-78.4%
Depreciation	3	3	3	-4.4%	-1.5%
Operating PBT	25	26	26	-1.1%	2.9%
PBT	26	27	27	0.4%	5.7%
PAT	21	18	25	36.8%	18.8%
EBITDA %	24.5%	26.4%	25.4%	-100 bps	90 bps
Volumes (mt)	4,190	4,150	4,700	12.4%	12.0%

Equity Shareholding & Price trends



Source : Capitaline

Dec 31, 2015 Shareholding Pattern



Market Information

- Market Price (Feb 12): Rs 898/share
- Face Value : Rs 10/share
- Market Cap (Feb 12): Rs 3,633 Cr
- Net Worth: Rs. 2,019 Cr

THANK YOU